

**MABTON SCHOOL DISTRICT NO. 120**  
**Yakima County, Washington**  
**September 1, 1992 Through August 31, 1994**

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**Schedule Of Federal Findings**

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1. District Payroll Charges Should Comply With Federal Regulations

The district improperly charged budgeted payroll costs as actual payroll costs to the Federal ECIA Chapter 1 Remediation program (84.010). Our testing of charges to federal programs through the payroll system included identification of the source, and determination of whether the payroll costs represented time actually spent on Chapter 1 activities. We found one certificated employee's salary and related payroll taxes and benefits charged according to a predetermined rate which was based on preliminary budgeted personnel assignments. This resulted in recording budgeted payroll costs as actual payroll costs without adequate support for these charges.

The U.S. Office of Management and Budget (OMB) Circular A-87 states that:

Salaries and wages of employees chargeable to more than one grant program or cost objective will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort . . . .

District officials stated this was an isolated occurrence and the payroll accounting system was corrected the following year.

In the absence of a system that meets the federal requirements, salary and benefits charged to federal programs cannot be supported by documentation of time actually spent on activities allowable for federal programs. Lack of adequate payroll documentation could result in payroll costs being charged to federal programs which vary from resources that were actually dedicated to that program.

The absence of employee-certified time and effort reports has resulted in questioned costs of \$2,137.73 in salaries and benefits charged to the Chapter 1 program for the 1993-94 school year.

We recommend the district implement a system to ensure that all employees working on federal programs be included in the monthly time and effort adjustment.